

AMENDED IN SENATE APRIL 26, 2006

AMENDED IN SENATE MARCH 28, 2006

SENATE BILL

No. 1371

Introduced by Senator Maldonado

February 21, 2006

An act to add Section 14017.9 to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1371, as amended, Maldonado. Medi-Cal: smart cards.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

Existing law requires the department to provide certain Medi-Cal beneficiaries with a Medi-Cal card certifying specified information. Existing law allows the department to issue, in addition to Medi-Cal cards, benefits identification cards for the purpose of identifying individuals eligible for the Medi-Cal program.

This bill would require the department to develop and implement a pilot program for the use of smart cards by Medi-Cal beneficiaries. The bill would require that the cards contain codes that link each beneficiary to information relating to that beneficiary's identity, medical information, Medi-Cal eligibility, and any other information deemed necessary by the department. The bill would impose specified requirements on the department with respect to the development of an implementation plan and the choice of a vendor, and would require that the department deploy the smart cards by ~~June 1, 2007~~ *January 1, 2008*, in 3 to 5 consenting counties. The bill would require the

department to report to the Legislature by January 1, 2009, on the pilot program.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The annual cost of fraud and abuse in the Medi-Cal
4 program is in the billions of dollars.

5 (b) Smart cards containing codes that link each beneficiary to
6 information relating to that beneficiary's identity, medical
7 information, and Medi-Cal eligibility can validate the identity of
8 a Medi-Cal beneficiary, establish which services are available,
9 and record whether a beneficiary was actually present for a
10 service.

11 (c) Smart cards can increase patient safety by keeping all
12 important patient information in one place, making the
13 information immediately available to providers and hospitals.

14 (d) The deployment of smart cards will help make important
15 health care information more accurate, more secure, and more
16 readily available, and will help reduce duplication of services,
17 decrease patient wait times, and remove waste.

18 SEC. 2. Section 14017.9 is added to the Welfare and
19 Institutions Code, to read:

20 14017.9. (a) The department shall develop and implement a
21 pilot program for the use of smart cards by Medi-Cal
22 beneficiaries. The cards shall contain codes that link each
23 beneficiary to information relating to that beneficiary's identity,
24 medical information, Medi-Cal eligibility, and any other
25 information deemed necessary by the department. In developing
26 and implementing the pilot program, the department shall do all
27 of the following:

28 (1) Develop an implementation plan for the use of smart cards
29 in the Medi-Cal program, including a plan to procure a vendor.

30 (A) In developing the implementation plan, the department
31 shall examine the use of smart cards in other states, including
32 their use at Elmhurst Hospital and Mount Sinai Hospital in New
33 York, and identify how each of those hospitals approached

1 implementation difficulties, including, but not limited to, issuing
2 cards on behalf of children.

3 (B) The department shall consult various counties and state
4 agencies as necessary in developing the implementation plan to
5 identify the needs of counties and assess needed features of the
6 smart cards. *The department shall also consult with Medi-Cal*
7 *enrolled providers regarding the implementation plan.* The
8 department may consult health industry experts in developing the
9 implementation plan.

10 (2) Choose a vendor for the pilot program. The department
11 shall choose a vendor offering cards that, in addition to any other
12 functions specified in this subdivision, can store and track
13 information about *relevant* county health programs, streamline
14 the patient check-in process, provide general interoperability, and
15 provide enhanced patient services, including, but not limited to,
16 electronic prescriptions and provider network integration.

17 (3) Deploy smart cards by ~~June 1, 2007~~ *January 1, 2008*. The
18 deployment shall take place in no less than three and no more
19 than five consenting counties, at the discretion of the department.
20 The department shall use its best efforts to include at least one
21 urban and one rural county. The program shall be implemented
22 for all services in which a beneficiary or beneficiary's
23 representative must be present for the beneficiary to receive the
24 service.

25 (4) Monitor the program in the counties in which the smart
26 cards are deployed, including tracking how well the cards
27 streamline patient services, and reduce administrative costs,
28 fraud, and waste.

29 (b) The department shall report to the Legislature by January
30 1, 2009, on the pilot program. The report shall include data
31 regarding cost savings, reduction of waste and fraud, ease of use,
32 general interoperability, and any other matters relating to the
33 implementation process that would assist the Legislature in
34 making decisions regarding expansion of the program.